

In multi-service situations, when both primary servicemen and secondary servicemen are registered, primary servicemen provide secondary servicemen with a certificate of resale. See 86 Ill. Adm. Code 140.145. (This is a GIL.)

September 14, 2004

Dear Xxxx:

This letter is in response to your letter dated June 4, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

While working with clients, we try to assist them on various business related items, whether it is income taxes, payroll taxes, or sales taxes. We try to tell them what the rules are pertaining to their business, and what they can do to correct problems, if any.

Recently while paying an invoice on some paper products we ordered from a local printing company, who happens to be a client, I noticed that we were paying sales tax on the item.

My question: ***Who is actually responsible for sales/use taxes?***

We order personalized stationery and envelopes, and blank non-personalized forms (not something that one could buy off the shelf at Wal-Mart) from a 'Local Business'.

'Local Business' takes our order. He then contacts the 'Middle Man' and tells them what we want.

'Middle Man' personalizes the stationery and envelopes, and prints the forms. 'Middle Man' purchases the paper products from the 'Paper Supplier'. The 'Middle Man' does not normally sell directly to the public. It's estimated that of the 'Middle Man's' sales

price to the 'Local Business', about 30% is the cost of the blank stock, although this could vary depending what the item is. Does the % make a difference?

'Paper Supplier' supplied the blank stock.

I'm presuming that the 'Paper Supplier' is not involved in the sales/use tax at this time.

Does the 'Middle Man' pay use tax on the blank stock purchased from the 'Paper Supplier'? If so, how does the 'Middle Man' tell the 'Local Business' that taxes have already been paid, even though it may have only been on the cost of the stock purchased?

Or is the 'Local Business' responsible for collection of Sales Tax or payment of Use Tax?

I think the 'Local Business' and the 'Middle Man' are both in Illinois.

Too often, I see the end provider charging sales tax because he is not sure who is responsible for charging them.

Since, I'm not sure who I should be directing this to, I thought that maybe you can direct this to the right person.

Hopefully I can get a fairly basic answer realizing that there are hundreds of exceptions. Even an example would work.

The problem I have with sales/use taxes is that the rules are confusing. Too many variations: are they in-state or out of state, registered or not, goods delivered in-state or picked up, and each State has his own rules.

If you have any additional questions, please give me a call.

DEPARTMENT'S RESPONSE:

The facts indicated in your letter refer to multi-service situations. For general information please see the Department's administrative rules regarding Service Occupation Tax, 86 Ill. Adm. Code 140.100 et seq. In addition you may find general information letters ST 02-0056-GIL and ST 01-0214-GIL helpful. These letters address printers involved in certain multi-service situations. You may find these letters under the sales tax "Sunshine Letter Rulings" listed within the Legal Research section of the Department's website listed below.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
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